



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

detail and such subjects as leaks and losses in retail stores, window displays, the relation of the salesman to his employer and the public, efficiency and store organizations, store policy, standards of efficiency, cost of selling, buying, advertising, credits and collections, relation of the store to its salespeople and the public, are intelligently treated. In the arrangement of his material the author has not been so happy. If he had begun with the store organization, the relation of the salesman to the whole would have been more apparent and the necessity of repetition in later chapters would have been avoided. The space so obtained might well have been occupied with a larger number of charts, than which nothing enables the student of business so readily to grasp its complete details.

It seems strange, too, that one whose vision of so much of the power in salesmanship is so clear should not be able to see the advantages which lie in this new method, of finding the need of the customer and being sure it is satisfied, over the old one of over-urging. He is weak, also, in his analysis of the sale. He does not seem to realize that by watching the merchandise which the customer seems to like—by eliminating the undesirable by not showing too much—the want of the customer is more surely satisfied and less responsibility is assumed by the salesman. In so far as he emphasizes the paternalistic responsibility of the employer in requiring him to furnish lunches, rest room, etc. for his employees he is not in the vanguard of the thought of the day. He ignores the fact that they may get those things for themselves. However, he emphasizes very important considerations when he calls upon the employer to give attention to such questions as the living wage; the need for employees to understand their work; and the desirability of understudies in all positions in business, in order to make promotions possible.

A. LINCOLN FILENE.

*The Export of Capital.* By C. K. HOBSON. Studies in Economic and Political Science, No. 38. London School of Economics. (London: Constable and Company, Ltd. 1914. Pp. xxv, 264. 7s. 6d.)

Mr. Hobson's investigation begins with an analysis of the methods of making foreign investments. Since capital is conceived to be "a stock of commodities employed to assist the production of further commodities" (p. xi), the process of investing

capital abroad must be that of increasing exports or diminishing imports. "With the growth of industry all over the world the proportion of British foreign investments which take the form of exports from the United Kingdom has probably declined" (p. 7).

The primary cause of capital exports is the greater prospective return to be had on foreign as compared with home investments. Against this difference must be charged the heavier cost of learning about business affairs in foreign parts; but this cost is being reduced relatively or absolutely by the spread of education, by the accumulation of experience, by organization among investors, and by every increase in the size of the loans asked for and in the sums which given investors have to offer. These reductions in the costs of acquiring knowledge, together with greater stability of conditions in the new countries which are heavy borrowers, explain why the yield on many foreign securities has not risen recently in anything like the same proportions as the yield on consols (p. 42).

As for the effects of foreign investments, it is clear that they tend immediately to keep interest rates up in the lending and to drive rates down in the borrowing country. "From the point of view of maximising the amount of home production, it is evidently desirable that the rate of interest should be as low as possible" (p. 55). Hence the plausibility of the view that government should check the export of capital by differential taxes. But, in so far as foreign investments are not wasted in war or lost in foolish enterprises, they accelerate the economic development of lands which become important sources of supplies for the home country, important markets for her products, and desirable homes for her emigrants. In the long run, therefore, interference with foreign investment "would diminish the amount of the national income and lower wages; and would probably lead to increased emigration. . . ." (p. 75).

There follow three interesting chapters on the history of British investment in foreign lands. "It is roughly but a century since Great Britain began to send large masses of capital abroad . . . in the seventeenth and eighteenth centuries probably more capital was imported into the United Kingdom than was exported" (p. xv). For a generation after the Napoleonic wars England had her period of predominance in the market for foreign loans. Then France, the Netherlands, Germany, and later the United

States, began gradually to offer a part of their savings in the international market. Nevertheless, British exports of capital continued to grow rapidly, though unsteadily; and at present they probably equal or exceed the combined foreign loans of France, Germany, the Netherlands, and Belgium (p. 161). Moreover, there is every reason to expect that the rapid increase of British foreign investments will continue in the future. The most notable influence of foreign competition is that British investors have pushed further afield, acting as pioneers in opening new countries, and leaving to their continental rivals an increasing share of the more conservative securities.

Mr. Hobson's chief contribution, however, is his effort to measure the annual export of capital from Great Britain since 1870. Starting with the Board of Trade's statistics of imports and exports he takes into account freights, commissions, insurance, ships sold, interest received, etc. The final results (p. 204) show wide fluctuations, dominated by the phases of successive business cycles, and by the borrowings of the British government. The following extract from the table shows the net exports (+) or imports (—) of capital in millions of pounds in the years of successive maxima and minima.

|      |        |      |         |
|------|--------|------|---------|
| 1870 | + 31.7 | 1896 | + 39.3  |
| 1872 | + 83.5 | 1898 | + 17.2  |
| 1877 | — 15.4 | 1900 | + 31.2  |
| 1881 | + 33.2 | 1902 | + 11.2  |
| 1883 | + 16.9 | 1907 | + 140.2 |
| 1890 | + 82.6 | 1909 | + 110.1 |
| 1894 | + 21.3 | 1911 | + 192.2 |

Large as these sums are, they appear to be exceeded about fivefold by the British investments of capital within the United Kingdom. Moreover, the home investments seem to be increasing faster absolutely than the foreign investments, though not so fast relatively (p. 207).

The book as a whole takes high rank among doctoral dissertations in economics. It shows capacity to do analytic, historical, and statistical work, and in the latter branch at least it really breaks new ground.

WESLEY C. MITCHELL.

*Columbia University.*